

Operating Budget Monitoring Report – June 30, 2020

Date:	September 21, 2020
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library (TPL) Board with a summary of the gross and net operating expenditures of TPL for the six-month period ended on June 30, 2020. As of June 30, 2020, TPL is reporting a net favourable variance of \$3.521 million related to the impact of COVID-19 and branch closures after March 13, 2020.

For the balance of the year, revenues and expenditures will be significantly impacted by COVID-19, though it is difficult to estimate the impact at this time. One major factor will be the process and timing for reopening branches and restoring service; as of June 30, 2020, TPL opened 17 branches for in-branch contactless holds pick-up and access to computers. As part of stage three, 71 branches are currently open with Monday-Saturday service.

FINANCIAL IMPACT

As of June 30, 2020, TPL is reporting a net favourable variance of \$3.521 million comprised of a favourable expenditure variance of \$4.529 million partially offset by an unfavourable revenue variance of \$1.009 million. The net favourable variance is related to the impact of COVID-19 and branch closures after March 13, 2020.

Revenues and expenditures for the balance of the year will continue to be significantly impacted by COVID-19, and it is difficult to estimate the impact at this time. Some factors that will influence year-end results will be the process and timing for reopening branches and restoring service (currently 71 branches are open with Monday-Saturday service), the resumption of job postings to fill vacant positions, and funding for the

Voluntary Separation Program (VSP). At this time, the year-end projected net expenditures is to be on budget.

The Director, Finance & Treasurer has reviewed this financial impact statement and agrees with it.

ISSUE BACKGROUND

TPL's revised 2020 operating budget is \$196.695 million net (\$217.334 million gross), which is comprised of the Council-approved [2020 operating budget](#) of \$195.180 million net (\$215.819 million gross) and the cost of living adjustment of the collective agreement between TPL Board and the TPL Workers Union Local 4948 CUPE (\$1.515 million net and gross).

COMMENTS

For the six-month period ended on June 30, 2020, TPL is reporting a net favourable variance of \$3.521 million comprised of a favourable expenditure variance of \$4.529 million partially offset by an unfavourable revenue variance of \$1.009 million as shown in Table 1 below:

TABLE 1: Operating Budget Monitoring for the period ending June 30, 2020

Expense/Revenue Category	Year-to-Date				Full Year Budget
	Actuals	Budget	Variance to Budget fav / (unfav)		
	\$ M	\$ M	\$ M	%	\$ M
1 Staffing Costs	70.071	72.824	2.753	3.8%	156.893
2 Materials and Supplies and Other	0.790	0.958	0.168	17.5%	2.122
3 Library Materials	10.473	10.462	(0.011)	(0.1%)	20.924
4 Equipment, Services and Rent	15.247	16.865	1.619	9.6%	34.177
5 Contributions & Transfers to Reserves	-	-	-	0.0%	3.218
6 Total Gross Expenditures	96.580	101.109	4.529	4.5%	217.334
7 Grants	2.857	2.847	0.010	0.4%	5.678
8 Fines, Fees and Room Rentals	1.152	2.644	(1.492)	(56.4%)	5.939
9 Grants from TPL Foundation and others	1.150	0.500	0.650	0.0%	1.000
10 Contributions & Transfers from Reserves	2.151	2.151	-	0.0%	5.708
11 Other Revenues	1.025	1.202	(0.177)	(14.7%)	2.314
12 Total Revenues	8.335	9.343	(1.009)	(10.8%)	20.640
13 Net Expenditures*	88.246	91.766	3.521	3.8%	196.695

Totals may not add due to rounding

* Full year net expenditures are forecasted to be on budget as full impact of COVID-19 and other operational issues on financial results is not yet determined.

The favourable gross expenditure variance of \$4.529 million is due mainly to reduced spending in employee remuneration and benefits, utilities, guard services, and library programming, and is directly attributable to the Ontario state of emergency declaration and closure of all library branches due to COVID-19; partially offset by increased spending in specific library initiatives funded by grants. The reduced spending in employee remuneration is mainly due to reduction in extra hours and superior duties, and some staff electing to take emergency leave. Significant employee benefits savings are due to unavailability of specialized professional services such as dentists, chiropractors, and other paramedical services.

The below budget expenditures variance is partially offset by an unfavourable revenue variance of \$1.009 million mainly attributable to lower revenue of \$1.492 million, resulting from decreased fines and fees and venue and community room rental revenue, related to branch closures and continuing reduced services that is partially offset by a favourable revenue variance of \$0.650 million resulting from supplementary grant revenues funded by the TPL Foundation to fund the costs of specific library initiatives.

CONTACT

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SIGNATURE

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